



**THOMAS L. GARTHWAITE, M.D.**  
Director and Chief Medical Officer

**FRED LEAF**  
Chief Operating Officer

COUNTY OF LOS ANGELES  
DEPARTMENT OF HEALTH SERVICES  
313 N. Figueroa, Los Angeles, CA 90012  
(213) 240-8101

BOARD OF SUPERVISORS

**Gloria Molina**  
First District

**Yvonne Brathwaite Burke**  
Second District

**Zev Yaroslavsky**  
Third District

**Don Knabe**  
Fourth District

**Michael D. Antonovich**  
Fifth District

September 9, 2004

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

**APPROVAL OF DELEGATION OF DUTIES AND  
ASSIGNMENT OF RIGHTS OF AGREEMENT AND AMENDMENT NO. 1  
(COUNTY CONTRACT NO. H207570) WITH HEALTHCARE VALUATION SERVICES  
(NOW KNOWN AS WELLSPRING VALUATION, LTD.)  
(All Districts) (3 votes)**

**IT IS RECOMMENDED THAT YOUR BOARD:**

Approve and instruct the Director of Health Services, or his designee, to sign an Approval of Delegation of Duties and Assignment of Rights of Agreement and Amendment No. 1 (County Contract No. H207570) substantially similar to Exhibit I and II, with Healthcare Valuation Services to: 1) allow Healthcare Valuations Services to formally assign its rights and delegate its duties under the Agreement to Wellspring Valuation, Ltd., (Wellspring) and 2) modify Wellspring's contract due dates and extend the agreement term two years, effective on the date of Board approval through June 30, 2007, at a total net County cost not to exceed \$70,000.

**PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTION:**

The purpose of the recommended action is to obtain Board approval to: 1) allow Healthcare Valuation Services to formally assign its rights and delegate its duties under the Agreement (to provide asset valuation services as previously approved by the Board) to Wellspring, and 2) extend the provision of services provided by Wellspring two years, effective on the date of Board approval through June 30, 2007.

Board approval of the recommended action will enable the Department of Health Services (DHS or Department) to continue to properly report the value of the Department's structures and other County healthcare related facilities and their related depreciation, as required for various annual financial reports by Medicare, Medi-Cal, Short-Doyle, and cost-based reimbursement clinics (CBRC), as well as, for the State of California's Construction/Renovation Reimbursement Program (CRRP).

FISCAL IMPACT/FINANCING:

No County cost is incurred by the delegation and assignment action. Total estimated net County cost for provision of asset valuation services under Amendment No. 1 effective on the date of Board approval through June 30, 2007, is \$70,000. Funding is currently included in the FY 2004-05 Adopted Budget and will be requested as part of a continuing appropriation in future fiscal years.

FACTS AND PROVISIONS\LEGAL REQUIREMENTS:

In June 1999, the Government Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, which provided new requirements for the reporting of capital assets and related depreciation. Statement No. 34 became effective with FY 2001-02 reporting. With the exception of County hospitals, the required reporting data was not currently available for proper financial statement reporting of the Department's structures. In addition, Medicare, Medi-Cal, Short-Doyle, and CBRC cost reporting laws and regulations also require capital assets to be reported at a historical, or appraised value, which is not a function performed by the DHS.

On June 18, 2002, the Board approved a sole-source agreement with Healthcare Valuation Services for the provision of asset valuation services, effective on the date of Board approval through June 30, 2005, at a net County cost of \$320,000.

On June 24, 2003, Healthcare Valuation Services was acquired by Wellspring.

The Approval of Delegation of Duties and Assignment of Rights of Agreement and Amendment No. 1 (Exhibits I and II) have been reviewed and approved as to form by County Counsel.

Attachment A provides additional information.

CONTRACTING PROCESS:

It is not appropriate to advertise delegation of assignments and amendments on the Los Angeles (L.A.) County Online Web Site as a contract/business opportunity.

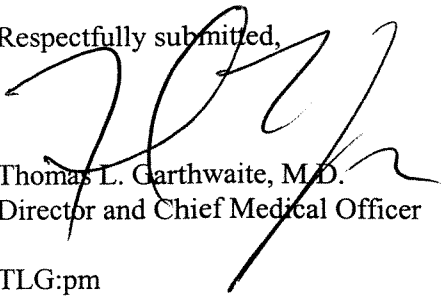
IMPACT ON CURRENT SERVICES (OR PROJECTS):

Approval of the recommended action will ensure that asset valuation services continue uninterrupted through June 30, 2007.

The Honorable Board of Supervisors  
September 9, 2004  
Page 3

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Thomas L. Garthwaite, M.D.  
Director and Chief Medical Officer

TLG:pm

Attachments (3)

c: Chief Administrative Officer  
County Counsel  
Executive Officer, Board of Supervisors

BLCDASSET.gi.wpd

**SUMMARY OF AGREEMENT**

1. **TYPE OF SERVICE:**

Asset valuation services determine the cost bases and related depreciations of Department of Health Services' (DHS or Department) structures and other healthcare related facilities as required to properly complete various Medicare, Medi-Cal, Short-Doyle, cost based reimbursement clinic (CBRC) programs, and State of California Construction/Renovation Reimbursement Program (CRRP) annual financial reports.

2. **AGENCY ADDRESSES AND CONTACT PERSONS:**

Wellspring Valuation, Ltd.  
123 North Wacker Drive, Suite 900  
Chicago, Illinois 60606  
Attention: Mr. John Holmes, Senior Vice President  
Telephone/Facsimile (FAX) Number: (312) 327-3700/FAX: (313) 345-9053  
Electronic-Mail (E-Mail) Address: None

3. **TERM:**

Date of Board approval through June 30, 2007.

4. **FINANCIAL INFORMATION:**

No County cost is incurred by the delegation and assignment action. Total estimated net County cost for provision of asset valuation services under Amendment No. 1 effective on the date of Board approval through June 30, 2007, is \$70,000. Funding is currently included in the FY 2004-05 Adopted Budget and will be requested as part of a continuing appropriation in future fiscal years.

5. **ACCOUNTABLE FOR MONITORING AND EVALUATION:**

Helen Jew, Chief Program Audits/Reimbursement

6. **APPROVALS:**

Finance: Gary W. Wells, Director of Finance

Contract Administration: Irene E. Riley, Director

County Counsel (approval as to form): Robert E. Ragland, Senior Deputy County Counsel

EXHIBIT I

Contract No. H-207570

APPROVAL OF DELEGATION OF DUTIES AND ASSIGNMENT  
OF RIGHTS OF AGREEMENT

THIS APPROVAL OF ASSIGNMENT OF AGREEMENT is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2004,

by and between COUNTY OF LOS ANGELES (hereafter  
"County"),  
and HEALTHCARE VALUATION SERVICES  
(hereafter "Assignor")  
and WELLSPRING VALUATION, LTD. (here-  
after "Assignee")

WHEREAS, on June 18, 2002, County and Healthcare Valuation Services ("HVS") entered into an "ASSET VALUATION SERVICES AGREEMENT" with County's Department of Health Services ("DHS"), further identified as County Agreement No. H207570; and

WHEREAS, Paragraph 12, ASSIGNMENT AND DELEGATION, of Agreement prohibits Contractor from delegating its duties or assigning its rights thereunder without prior written consent of County.

NOW, THEREFORE, the parties agree as follows:

1. All Contractor rights and responsibilities under this Agreement have been assigned and delegated by HVS to Wellspring Valuation, LTD. ("Wellspring") effective June 24, 2003.
2. County consents to such assignment and delegation.
3. HVS and Wellspring have separately prorated between

themselves, to the extent necessary, any monthly payment due and paid under this Agreement prior to June 24, 2003.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Approval of Delegation of Duties and Assignment of Rights of Agreement No. H-207570 to be subscribed by its Director of Health Services and HVS and Wellspring have caused

/

/

/

/

/

/

/

/

/

/

/

/

/

/

/

/

/

/

the same to be subscribed in their respective behalf by their duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Thomas L. Garthwaite, M.D.  
Director and Chief Medical  
Officer

HEALTHCARE VALUATION SERVICES  
Contractor-Assignor/Delegator

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

WELLSPRING VALUATION, LTD.  
Contractor-Assignee

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM  
BY THE OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT  
ADMINISTRATION:

Department of Health Services

By \_\_\_\_\_  
Irene E. Riley, Director  
Contract Administration

Contract No. H-207570-1

ASSET VALUATION SERVICES AGREEMENT

AMENDMENT NO. 1

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_, 2004,

by and between

COUNTY OF LOS ANGELES (hereafter  
"County"),

and

WELLSPRING VALUATION, LTD. (here-  
after "Contractor")

WHEREAS, reference is made to that certain document entitled  
"ASSET VALUATION SERVICES AGREEMENT", dated June 18, 2002, and  
further identified as Agreement No. H-207570 (all hereafter  
"Agreement"); and

WHEREAS, it is the intent of the parties hereto to amend  
Agreement to extend the term, to add new County required  
provisions, and to make other hereafter described changes; and

WHEREAS, said Agreement provides that changes may be made in  
the form of a written amendment which is formally approved and  
executed by the parties.

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall be effective on the date of  
approval by County's Board of Supervisors ("Board").

2. Agreement Paragraph 1, TERM, shall be amended to read as follows:

"1. TERM: The term of this Agreement shall commence upon Board approval and shall continue, in full force and effect, to June 30, 2005. Said agreement shall thereafter be automatically renewed for successive one (1) year terms, for a maximum of two (2) years, without further action by the parties hereto, up to and including June 30, 2007. Should either party desire to terminate the automatic renewal of Agreement, it shall give such notice in writing to the other party by May 31 of the prior year term.

In any event, this Agreement may be canceled or terminated at any time by either party, with or without cause, upon the giving of at least thirty (30) calendar days advance written notice to the other party. Further, County may also suspend the performance of services hereunder, in whole or in part, upon the giving of at least a thirty (30) calendar days advance written notice to Contractor. County's notice shall set forth the extent of the suspension and the requirements for full restoration of the performance obligations.

Notwithstanding any other provision of this Agreement, the failure of Contractor or its officers, employees, agents,

or subcontractors, to comply with any of the terms of this Agreement or any written directions by or on behalf of County issued pursuant hereto shall constitute a material breach hereto, and this Agreement may be terminated by County immediately. County's failure to exercise this right of termination shall not constitute a waiver of such right, which may be exercised at any subsequent time."

3. Agreement Paragraph 7, BILLING AND PAYMENT, Subparagraphs "B" and "C", shall be amended to read as follows:

"B. Contractor shall bill Health Services Administration's Program Audits/Reimbursement Division hereunder according to the terms set forth in the payment requirements paragraph of said Exhibit.

C. Payment by County hereunder shall be made within a reasonable period of time after receipt of a billing statement which is deemed to be complete and correct by Health Services Administration's Program Audits/Reimbursement Division, and/or the County's Auditor-Controller, or his/her duly authorized representative."

4. Agreement Paragraph 19, CONTRACTOR'S OFFICES, shall be amended to read as follows:

"19. CONTRACTOR'S OFFICES: Contractor's primary business office is located at 123 North Wacker Drive, Suite

900; Chicago, Illinois 60606. Contractor's primary business telephone number is (312) 327-3700, facsimile/FAX number is (312) 345-9053, and electronic mail ("e-mail") address is www.wellspringvaluation.com. Contractor shall notify County, in writing, of any changes made to Contractor's primary business address, business phone number, facsimile/FAX number and/or e-mail address, as listed herein, or any other business address, business telephone number, facsimile/FAX number, and/or e-mail address used in the provision of services herein, at least ten (10) calendar days prior to the effective date(s) thereof."

5. Agreement Paragraph 20, NOTICES, Subparagraph "B", shall be amended to read as follows:

"B. Notices to Contractor shall be addressed as follows:

(1) Wellspring Valuation, Ltd.  
123 North Wacker Drive, Suite 900  
Chicago, Illinois 60606

Attention: Mr. David M. Shade  
President"

6. Paragraph 32, COMPLIANCE WITH JURY SERVICE PROGRAM, shall be added to the Additional Provisions of the Agreement as follows:

"32. COMPLIANCE WITH JURY SERVICE PROGRAM:

A. Jury Services Program: This Agreement is subject to the provisions of the County's ordinance entitled Contractor Employee Jury Service ("Jury Service Program") as codified in Sections 2.203.010 through 2.203.090 of the Los Angeles County Code.

B. Written Employee Jury Service Policy:

(1) Unless Contractor has demonstrated to County's satisfaction either that Contractor is not a "contractor" as defined under the Jury Services Program (Section 2.203.020 of the County Code) or that Contractor qualifies for an exception to the Jury Services Program (Section 2.203.070 of the County Code), Contractor shall have and adhere to a written policy that provides that its employees shall receive from Contractor, on an annual basis, no less than five (5) days of regular pay for actual jury service served. Contractor's policy may further provide that employees deposit any fees received for such jury service with Contractor or that Contractor deduct from the employee's regular pay the fees received for jury service.

(2) For purpose of this Paragraph, and as set forth in the Jury Service Program provision of the

County Code as described hereinabove: "Contractor" shall mean a person, partnership, corporation, or other entity, that has a contract with County, or a subcontract with a County contractor, and has received, or will receive, an aggregate sum of Fifty Thousand Dollars (\$50,000) or more in any twelve (12) month period under one (1) or more County contracts or subcontracts; "employee" shall mean any California resident who is a full-time employee of Contractor; and "full-time" shall mean forty (40) hours or more worked per week, or a lesser number of hours, if: 1) the lesser number is a recognized industry standard as determined by County, or 2) Contractor has a long-standing practice that defines the lesser number of hours as full-time.

Full-time employees providing short-term temporary services of ninety (90) days or less within a twelve (12) month period are not considered full-time for purposes of the Jury Service Program. If Contractor uses any subcontractor to perform services for County under this Agreement, the subcontractor shall also be

subject to the provisions of this Paragraph. The provisions of this Paragraph shall be inserted into any such subcontract agreement and a copy of the Jury Service Program shall be attached to the agreement.

(3) If Contractor is not required to comply with the Jury Service Program on the effective date of this Agreement, Contractor shall have a continuing obligation to review the applicability of its "exception status" from the Jury Services Program, and Contractor shall immediately notify County if Contractor at any time either comes within the Jury Service Program's definition of "contractor", or if Contractor no longer qualifies for an exception to the Jury Service Program. In either event, Contractor shall immediately implement a written policy consistent with the Jury Service Program. County may also require, at any time during the Agreement term, and at its sole discretion, that Contractor demonstrate to County's satisfaction that Contractor either continues to remain outside of the Jury Service Program's definition of "contractor" and/or that Contractor

continues to qualify for an exception to the Jury Service Program. Contractor and its subcontractors, if applicable, may demonstrate their exemption, or compliance, with the above subject Jury Service Program by completing a "County of Los Angeles Contractor Employee Jury Service Program Application for Exemption and Certification Form" which should be obtained from, and returned to, Director within ten (10) calendar days before the effective date of this Agreement.

(4) Contractor's violation of this Paragraph of the Agreement may constitute a material breach of this Agreement. In the event of such breach, County may, in its sole discretion, terminate this Agreement and/or bar Contractor from the award of future County contracts for a period of time consistent with the seriousness of the breach."

7. Paragraph 33, SAFELY SURRENDERED BABY LAW, shall be added to the Additional Provisions of the Agreement as follows:

"33. SAFELY SURRENDERED BABY LAW: Contractor shall notify and provide to each of its officers, employees, and agents, and shall require that each of Contractor's subcontractors providing services under this Agreement also

notify and provide to each of its officers, employees, and agents, a fact sheet regarding the Safely Surrendered Baby Law, its implementation in Los Angeles County, and where and how to safely surrender a baby. County's fact sheet is available on the Internet at [www.babysafela.org](http://www.babysafela.org) for printing and review purposes. Further, Contractor acknowledges that County places a high priority on the implementation of the Safely Surrendered Baby Law. Contractor understands that it is County's policy to encourage Contractor and all of its subcontractors, providing services under this Agreement, if any, to voluntarily post County's "Safely Surrendered Baby Law" poster in a prominent position at their place of business. County's Department of Children and Family Services will supply Contractor with the poster to be used."

8. Agreement Exhibit "A", DESCRIPTION OF SERVICES, Paragraph 4, STATEMENT OF WORK, Subparagraph C(1), Asset Valuation Services, paragraphs "d" and "e" shall be added as follows:

"d. Phase IV: Annual Update to Cost Bases/Depreciation for FY June 30, 2005: Contractor shall update the cost bases/depreciation for all structures listed in Attachment A for FY June 30, 2005.

"e. Phase V: Annual Update to Cost Bases/Depreciation for FY June 30, 2006: Contractor shall update the cost

bases/depreciation for all structures listed in Attachment A for FY June 30, 2006."

9. Agreement Exhibit "A", DESCRIPTION OF SERVICES, Paragraph 4, STATEMENT OF WORK, Subparagraph D(1), Due Dates, shall be amended to read as follows:

"(1) Due Dates: Beginning with November 7, 2004, Contractor shall provide asset valuation reports by November 7 of each fiscal year ending on the immediately preceding June 30. In addition to the fiscal year ending June 30, 2004, the November 7, 2004 report(s) shall also include separate report(s) for fiscal year ending June 30, 2003. At the discretion of the Director, the due dates for any or all of the reports may be extended to accommodate the Department's needs."

10. Agreement Exhibit "A", DESCRIPTION OF SERVICES, Paragraph 5, PAYMENT, Subparagraph A, Fee(s) Paid for Asset Valuation Services, shall be amended to read as follows:

"A. Fee(s) Paid for Asset Valuation Services: The fee(s) paid Contractor by County for all asset valuation services as described hereinabove shall be a fixed charge per project phase. New structures, whether initiated or in progress during the term of this agreement, which are located at the sites listed in Attachment A shall be

considered part of Phases I - V, and shall not be subject to additional payment under the hourly rate. If Director adds facility sites to the project which are not listed in Attachment A, an hourly rate will be charged to County for asset valuation services for the additional sites. The fee(s) and hourly rates to be paid Contractor by County are listed in Attachment "C-1", attached hereto and incorporated herein by reference."

11. Agreement Exhibit "A", DESCRIPTION OF SERVICES, Paragraph 5, PAYMENT, Subparagraph C, Billing and Payment, shall be amended to read as follows:

"C. Billing and Payment: Contractor shall bill DHS Administration's Program Audits/Reimbursement Division for asset valuation services described hereinabove in accordance with the payment for fees paid for asset valuation paragraphs hereinabove, promptly within forty-five (45) calendar days after the date on which the terms of the payment have been met.

All billings, or invoices, shall clearly reflect and provide reasonable detail of the services for which a claim is made. If Contractor is billing hourly rates, the billing should include but not be limited to, the type of service provided, name(s) of the person(s) who provided services,

date(s) and hours worked, and hourly rate charged. Billings shall be prepared as described above, and forwarded to DHS Administration's Program Audits/Reimbursement Division."

12. Except for the changes set forth hereinabove, Agreement shall not be changed in any respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its

/

/

/

/

/

/

/

/

/

/

/

/

/

/

/

/

Director of Health Services, and Contractor has caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month, and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Thomas L. Garthwaite, M.D.  
Director and Chief Medical  
Officer

WELLSPRING VALUATION, LTD.  
Contractor

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Print Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL HERE)

APPROVED AS TO FORM  
BY THE OFFICE OF THE COUNTY COUNSEL

APPROVED AS TO CONTRACT  
ADMINISTRATION:

Department of Health Services

By \_\_\_\_\_  
Irene E. Riley, Director  
Contract Administration

8/20/04  
AMDCD3533.KG

COUNTY OF LOS ANGELES - DEPARTMENT OF HEALTH SERVICES  
ASSET VALUATION SERVICES  
FEES/HOURLY RATES

<u>PHASE</u>	<u>FEE</u>
I. Fiscal Year (FY) 6/30/02	
A. Review FY June 30, 1998 data; revise the FY 6/30/98 reports, if necessary.	
B. Update the six County hospitals' data and provide Reports by FYs 6/30/99, 6/30/00, 6/30/01, and 6/30/02.	
C. Establish cost bases/depreciation for other structures and provide reports by FYs 6/30/99, 6/30/00, 6/30/01, and 6/30/02.	
D. Provide CRRP report by FYs 6/30/99, 6/30/00, 6/30/01, and 6/30/02.	
Total Phase I Fees	\$197,500
II. FY 6/30/03	
Update data for all structures and provide reports, including CRRP	
Total Phase II Fees	28,000
III. FY 6/30/04	
Update data for all structures and provide reports, including CRRP	
Total Phase III Fees	30,500
IV. FY 6/30/05	
Update data for all structures and provide reports, including CRRP	
Total Phase IV Fees	33,550
V. FY 6/30/06	
Update data for all structures and provide reports, including CRRP	
Total Phase V Fees	33,550
TOTAL FEES (Phases I - V)	\$323,100

---

Additional Hourly Rates By Assigned Staff - For structures at  
potential new facility sites (sites not included in Exhibit II):

	<u>Rate</u>
Manager	\$100 per hour
Staff	\$ 40 per hour
Plus out-of-pocket expenses	